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DE RUEHAE #0836 2850757
ZNR UUUUU ZZH
R 120757Z OCT 06
FM AMEMBASSY ASMARA
TO RUEHC/SECSTATE WASHDC 8479
INFO RUCPDOC/DEPT OF COMMERCE WASHDC
RUEHRC/DEPT OF AGRICULTURE WASHDC

UNCLAS ASMARA 000836

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DEPT FOR EB/TPP/MTA EKOCH
COMMERCE FOR TCC/4110
USDA FOR ITP/FAS/BERTSCH
STATE PLEASE PASS TO USTR FOR BRUCE HIRSH

E.O. 12958 DECL: N/A

TAGS: ECON ETRD ER

SUBJECT: ERITREA: TRADE AGREEMENT COMPLIANCE AND MONITORING

REF: STATE 152063

¶1. (U) In response to reftel, post provides the following response. The GSE strictly controls the economy of Eritrea. Information is difficult to obtain. The government does not encourage private sector growth and nearly all trade is conducted by the GSE or the government's political party owned enterprises. Since Jan 2005, the GSE has severely limited imports.

¶2. (U) Eritrea has limited trade partnerships and does not maintain formal trade relationships with its immediate neighbors, Sudan and Eritrea. Eritrea does engage in trade with regional partners, such as Djibouti, Yemen, UAE and Saudi Arabia and with Italy, however, the Article IV Consultation for 2005 estimated 2005 exports at a total of USD 12 million, with manufactured goods, such as textiles, being only an estimated 10 percent of exports. At this time, post is unaware of Eritrea participating in any free trade agreements.

¶3. (U) Post will continue to monitor Eritrea's trade relations and report on significant changes. Post meets with government officials, members of the local business community and with the Eritrean National Chamber of Commerce to discuss trade issues.

¶4. (U) Post's primary contact for compliance is: Holly Holzer, Political and Economic Officer. Phone: 291-1-12-00-04/Fax: 291-1-12-75-84. Email: holzerhc@state.gov

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